

NDPERS BENEFITS COMMITTEE

December 5, 2017

MINUTES

* - Present

BOARD MEMBERS:

*Kim Wassim
Mylynn Tufte
Casey Goodhouse

STAFF:

*Sparb Collins, *Bryan Reinhardt, *Kathy Allen,
*Sharon Schiermeister, *MaryJo Steffes, *Rebecca Fricke

INTEREST GROUPS:

Bill Kalanek - AFPE/NASW
Chad Oban – ND United, Gary Rath - NDEA

Agency/Political Sub Representatives:

Aimee Copas	- Council of School Admins
*Brenda Schuler	- Career & Technical Education
Cindy Pazdernik	- Adjutant General
*Dirk Wilke	- Health Department
Glenna Ellison	- Attorney General's Office
Jerry Hjelmstad	- League of Cities
Jim Neubauer	- City of Mandan
*John Brintnell	- State Water Commission
Jon Martinson	- ND School Board Association
Judane Ohlhauser	- ITD
*Jane Grinde	- ND University System (NDUS)
Lynn Hart	- OMB / Human Resource Mgmt
*Linda Kuether	- Dept of Transportation
*Lisa Kudelka	- Bismarck Public Schools
*Lori Laschkewitsch	- OMB
Lori Leingang	- Bank of ND
Lori Malafa	- ND Highway Patrol
Marcie Wuitschick	- Human Services
Mary Selzler	- WSI
Renae Gall	- Parks & Rec
Rita Lindgren	- BSC
Tammy Terras	- Burleigh County
Terry Traynor	- Association of Counties
Tracy Stein	- Dept of Corrections
Wendy Bent	- Morton County
*Sara Leno	- Human Services
Aimee Copas	- ND Council of Educational Leaders

Others Present:

*Sharon Schwartzbauer – NDUS, *Genny Dienstmann – Assoc of Counties, *Allison Volk – BND, *Jill Vegaas - WSI

Minutes

Fort Totten Room – State Capitol

11:00 – Sharon thanked everyone for coming. The benefits committee makes suggestions to the NDPERS Board. NDPERS legislation is due in March. Sharon started to cover the presentation on the NDPERS programs.

Life – The plan had a recent RFP and renewed with VOYA with better benefits.

Dental – The plan will have an RFP in 2018.

Vision – The plan had a recent RFP and renewed with Superior with similar benefits and a 1% decrease in rates.

DC plans – After an RFP in 2016, renewed with TIAA with no changes.

Flexcomp – The plan will have an RFP in 2018 for the vendor.

Retirement – There were some changes to the actuarial assumptions and factors. The return assumption was lowered to 7.75 from 8.00 which also affected the interest paid on accounts and charged on service purchases. The actuarial tables were updated including the purchase factors effective in 2018. This will increase the cost of service purchase and it will vary depending on the individual circumstances (age, salary, service, etc.).

Health – The last renewal increase was 17.4% in total. This was paid for by shifting 5.2% to the members in plan design changes, 2.4% in premium buydown using reserves and 9.8% increase in employer premiums. The early estimate is a 15% increase +/- 2% for the next biennium. NDPERS is looking at options. The current fee for service and HDHP plans could be expanded to include a managed care plan similar to the old EPO plan. Legislative committees are also studying health insurance. There are some looks at lifestyle premium differentials.

11:35 – The presentation shifted to retirement plan funded status. The recovery plan after the market drop was to 1. Stop the downward trend; 2. Stabilize the plan; and 3. Get the plan back on track to be 100% funded. The ND Legislature did fund the first three years of the recovery plan (3% employer and 3% employee), but not the 4th year. After the reduction of the assumed 8.00% return to 7.75% the trend is negative. GASB also requires a lower rate and increased liabilities on the financial statements of participating employers if the plan is not on track to return to fully funded status. This has a negative affect on the books for the state and political subdivisions participating in the plan.

Since contributions & investments = benefits, Should the plan take on more investment risk to get a better return? This would be a challenge in the markets and would not be consistent with the Board's fiduciary responsibilities. Benefits could be reduced, but not legal for retirees and likely not for existing employees that are retirement eligible or even vested. Changes to new employees have already been done and any additional changes will take a long time to show any measurable results. Contributions of 1% employee and employer is the final recovery plan, but the legislature has not been supportive of this and with no salary increases for state employees, it will be a greater challenge for them. It can be phased in to have a slower impact. For example, a ½ & ½ or a ¼ increase each year for four years. The committee did not have any comments on how the employees would favor an additional increase.

The RHIC is currently a 1.14% employer paid contribution for a \$5 per year of service monthly benefit. This plan was originally started in 1989 by taking 1% out of the retirement contribution that was determined to be in excess. One idea is to stop the RHIC plan for new employees and shift this contribution to the retirement plan. This would lead the retirement plan to fully funded status in 2081 and address the GASB issues. Benefits for the current employees would be the same and benefits for new employees would be less the RHIC. The committee had some discussion on this idea. It was mentioned that most employees do not understand the RHIC benefit and new employees might not care about it as much as their retirement. There was some discussion on NDPERS having a benefit differential similar to TFFR.

The group discussed if NDPERS was looking at adding back the Non-Medicare health option. The health plan does still have this option for existing retirees already in it, but it is closed to new retirees. NDPERS is looking at this and shared that the statute is changed so any new plan would not be subsidized by the other plans. Early indications are that the rates will be much higher than the current rate.

There was no other discussion and Sharon asked if the committee members had any other ideas or comments to contact her or Bryan Reinhardt at the NDPERS office.

12:05 - Meeting adjourned

To: Claudia Ruffolo

From: Bryan Reinhardt

Subject: NDPERS Benefits Subcommittee Meeting

In accordance with the policy effective August 26, 1993 for compensating Board members for attendance at sub-committee meetings, the date of the benefits sub-committee meeting and member attendance is as follows:

Date: December 5th 2017

Meeting Time: 11:00am – 12:05pm

<u>Attendees</u>	<u>Meeting Length</u>
Kim Wassim	1.1 hours